

**REVENUE LAWS AMENDMENT (ASSESSMENT) BILL 2001**  
**REVENUE LAWS AMENDMENT (TAXATION) BILL 2001**

*Cognate Debate*

On motion by Hon N.D. Griffiths (Minister Assisting the Treasurer), resolved -

That leave be granted for the Bills to be discussed concurrently at the second reading stage in accordance with Standing Order No 228.

*Second Reading*

Resumed from 12 June.

**HON GEORGE CASH** (North Metropolitan) [8.38 pm]: We are dealing with the Revenue Laws Amendment (Assessment) Bill 2001 and the Revenue Laws Amendment (Taxation) Bill 2001 cognately. The purpose of the assessment Bill is to amend the Pay-roll Tax Assessment Act 1971, the Rates and Charges (Rebates and Deferments) Act 1992 and the Stamp Act 1921 and for related purposes. The purpose of the Revenue Laws Amendment (Taxation) Bill 2001 is to amend the Pay-roll Tax Act 1971 and the Stamp Act 1921.

I want to deal with the Bills separately, although due to the nature and substance of both Bills there is a significant interrelationship. Part 3 of the Revenue Laws Amendment (Assessment) Bill deals with amendments to the Rates and Charges (Rebates and Deferments) Act. The proposed effect of part 3 covers three main areas of interest. The first is to extend the 50 per cent rebate or deferment of water and local government rates now available to pensioners to include seniors who hold both a state Seniors Card and a commonwealth Seniors Health Card. Pensioners must hold both cards. For those seniors who hold only a state Seniors Card, the proposal is to provide a 25 per cent rebate of local government rates. Members would be aware that the 25 per cent rebate on water rates is already available to eligible persons. The second effect of part 3 of the Bill is to enable a pro rata concession to a person who becomes a pensioner or a senior after 1 July in any rating year. Under the Rates and Charges (Rebates and Deferments) Act, pensioners and seniors are currently required to own and occupy their ordinary place of residence at the commencement of the rating year, for instance, 1 July, and there is no current provision to enable a pro rata concession to be applied. Clearly, the proposed amendment is fair and reasonable and supported on equitable grounds alone. Thirdly, part 3 of the Bill proposes to enable pensioners or seniors to obtain a rebate or deferment of their rates notwithstanding current arrears if - it is conditional - a suitable arrangement is made with the rating authority to pay off the outstanding rates. It is proposed that it will not apply to seniors in arrears who do not hold a commonwealth Seniors Health Card. The question is: what does a "suitable arrangement" with a local authority mean? What is a suitable arrangement is easily said, but not necessarily easily understood. Will all the arrangements be the same; will there be equity between the many local authorities across Western Australia?

Hon Derrick Tomlinson: And suitable to whom?

Hon GEORGE CASH: That is the very point. If it is suitable to only one party, there will be no agreement. Hon Derrick Tomlinson's comment was a valuable one. That question is very open at this stage of the game. Some have said that it is whatever a local authority and a ratepayer in arrears think is a fair thing. That is pretty broad and not something about which I would like to argue with a powerful local authority.

The current Act precludes registered persons with outstanding rates from receiving a rebate or deferment on their current year's rates. This change will be of benefit to people who have either presently, or in the past, not been able to avail themselves of the rebate or deferment because they were in arrears with their rates. It is worth noting that the Commonwealth Government announced recently that as of 1 July 2001, the income limits for commonwealth Seniors Health Card holders will be lifted to \$50 000 per annum for single people and \$80 000 per annum for couples. The increase in income eligibility means that another 3 000 householders will be entitled to the 50 per cent concession if they hold both the commonwealth Seniors Health Card and the state Seniors Card. The decision of the Howard Government will be of great benefit to seniors in Western Australia. Not only will an additional 3 000 householders be able to avail themselves of this opportunity, but also the value of the concessions will rise from about \$6.5 million to \$7 million annually.

If someone has only a state Seniors Card, there will be a rebate limit. Although that limit has not been determined in its final form, it is believed that it will be about \$180 for water rates and \$188 for local government rates. With regard to the question of equity, I have always taken an interest in the question that is often asked in the community about benefits that are available to pensioners, those that are available to seniors and others that are available to self-funded retirees. It is fair to say that this Parliament, for a very long time, has failed to have adequate regard for those seniors who are self-funded retirees. A situation has developed in which people who are prepared to work hard, and who save their money for their retirement, are often discriminated against in a negative way rather than in a favourable way, as one would hope and believe is proper. For a very

long time - it continues today - self-funded retirees have been discriminated against to the benefit of pensioners and this Parliament should have regard for that. If people put something aside for their later retirement, that should not then be held against them by not allowing them to be entitled to rate rebates or other deferments.

Prior to the last election, the coalition was very conscious of the benefits that should be available to self-funded retirees. The Liberal Party made it clear that if it were elected to govern, that would be one of a number of issues that it intended to progress. The Liberal Party was not elected to government, but I am pleased that the current Government saw the writing that was on the wall prior to the election and has promised the same opportunity for seniors. It is also worth noting that the coalition parties adopted, not just during the term of our government but over a long period, a policy of great respect for the seniors in our community. It developed and was implementing its five-year plan on ageing called "Time on Our Side", which involved the implementation of 120 initiatives through 32 state agencies. The coalition was a strong supporter of the annual Seniors Week and it was expanded, as you know Mr President, under that Government. Under the coalition, Western Australia won the right to host the Sixth Global Conference for the International Federation on Ageing in 2002.

The coalition installed more than 2 700 smoke and fire alarms in the homes of Seniors Card holders. Our former Minister for Transport, Hon Murray Criddle, was involved in making available to Seniors Card holders free public transport on Transperth services - the bus, train and ferry services - on Sundays and public holidays. Hon Murray Criddle also strongly supported seniors being entitled to free public transport during Seniors Week each year. Another initiative worth mentioning is the low-floor accessible buses to assist our seniors who use public transport. While we were in government, it was projected that the entire fleet of 848 buses would be equipped with low-floor access by 2010.

As much as the Opposition supports the proposition, which will enable a greater number of people to benefit from the rates (rebates and deferments) scheme, we ask whether it goes far enough. The Bill before the House neglects a significant number of pensioners and seniors who occupy homes in retirement villages. In its current form, the Bill provides concessions only to owners with a direct rates obligation. That is the argument the Government uses for not including retirement villages in the Bill. Clause 8 of the Revenue Laws Amendment (Assessment) Bill amends section 28 of the Rates and Charges (Rebates and Deferments) Act 1992, which deals with proportionate interests. Section 29 deals with relevant interests, but does not include those who live in retirement villages. In due course I will ask the minister why the definition of relevant interests does not extend to pensioners and seniors who live in retirement villages. It must also be asked why Labor treats pensioners and seniors living in retirement villages as second-class citizens. Opposition members would support an amendment to the Bill to allow pensioners and seniors living in retirement villages to avail themselves of the proposed rebates and deferments, but because of section 46(3) of the Constitution Acts Amendment Act, we in this House are not in a position to move an amendment to introduce the benefits of which I have spoken. I remember when we dealt with the Rates and Charges (Rebates and Deferments) Act, which consolidated a range of other Acts. In June 1992 I moved to include in the Bill certain persons who were aged more than 60 years and in receipt of certain commonwealth social security benefits. At that stage of the game, the Labor Party rejected the amendment, although it was carried because of the numbers in this House. It was sent to the other place, but a message was returned saying that the amendment breached section 46(3) of the Constitution Acts Amendment Act and, as such, the Legislative Assembly was not prepared to entertain the proposition. I think it is regrettable. It is heartless that the Labor Party is not prepared to have regard for the many thousands of people in Western Australia who live in retirement villages and who, as part of their outgoings, indirectly pay rates to the Water Corporation and local authorities around Western Australia.

I said earlier that the Revenue Laws Amendment (Assessment) Bill comprised four parts. I have dealt in part with part 3. Part 2 of the Bill amends the Pay-roll Tax Assessment Act 1971. Basically the amendment proposes to insert a new section 11 into the Pay-roll Tax Assessment Act as a consequence of amendments to the Pay-roll Tax Act. They are the amendments that are contained in the Revenue Laws Amendment (Assessment) Bill 2001. The amendments seek to make the calculation of the payroll tax rate consistent with the method of calculating the liability threshold under the Pay-roll Tax Assessment Act. The other Bill that we have agreed to debate cognately - the Revenue Laws Amendment (Taxation) Bill 2001 - sets out the calculation for the rates that employers other than group employers or employers of interstate wages are required to pay. I refer in particular to new section 5 of the Pay-roll Tax Act. Proposed new section 11 of the Pay-roll Tax Assessment Act will provide the Commissioner of State Revenue with discretion for those employers whose wages fluctuate within different periods in a given financial year. In general terms, that would apply in the main to employees of a seasonal nature - for instance, crayfishermen, fruit pickers, shearers and generally employees in primary industries along that line. New section 11 is clearly set out on page 3 of the Revenue Laws Amendment (Assessment) Bill and not a lot more needs to be said about that amendment.

Part 4 of this Bill proposes to amend the Stamp Act 1921. In general it deals with the duty treatment of pooled superannuation trusts. Members probably would be aware that currently trust schemes are dealt with for duty

purposes as either private unit trusts or public unit trusts. Each of those trusts attracts a different rate of stamp duty on disposition. For instance, the rate of duty for private unit trusts is 4.85 per cent, while public unit trusts attract a duty of only 0.6 per cent. The reason for the difference is that public unit trusts are treated as marketable securities. As members will be aware, as from 1 July 2001 no duty will be payable on such transfers if they are quoted on a recognised stock exchange in Australia. The Stamp Act 1921 recognises pooled superannuation trusts and approved deposit funds even if they are not issued to the public; that is, even if there is not the required public spread of ownership. Because pooled superannuation trusts often do not meet the ownership requirements of public trusts, they are assessed at the private unit trust rate of 4.85 per cent rather than at the public unit trust rate of 0.6 per cent. This amendment will ensure that pooled superannuation trusts will be treated as public unit trusts and attract the lower rate of duty. I understand that the current position taken by the State Revenue Department is that those pooled superannuation trusts are treated as public unit trusts. They are assessed on the lower of the two duty rates as a matter of policy. However, it is clear that a reading of the current Stamp Act 1921 indicates that law states that those trusts should attract duty at the higher rate. The way in which the Stamp Act is currently framed causes a question to be asked about whether the lower rate can be charged rather than the higher rate. In practice the lower rate is currently charged by the State Revenue Department. Rather than its being the subject of a challenge, it has been agreed that the law should be changed so that the position is absolutely clear and no challenge can be made.

The second and fourth amendments deal with land rich provisions, in particular the duty payable on the acquisition of shares in a company as if it were the acquisition of land owned by the company. This can mean that the conveyance duty rate up to 4.85 per cent may be payable rather than the marketable security rate of 0.6 per cent. We in this House have in the past dealt with the question of land rich companies. I remember significantly long arguments being mounted when the mining companies were angry that some of their assets were included for stamp duty purposes, as a result of which they were required to pay a much higher rate than had previously been the case. As from 1 July 2001, no duty will be payable on the transfer of shares that are quoted on a stock exchange.

Division 3 of part 4 deals with the reduction of the stamp duty rate applicable to workers compensation insurance for small business. There are a number of facets to this amendment. It provides a defence if an insurer can demonstrate that a return to the commissioner was incorrect because it relied on false information provided to the insurer of an insured person's liability for payroll tax.

The Bill also provides for a refund of duty to an insurer when duty has been paid on a workers compensation insurance policy at five per cent when it should have been paid at the three per cent rate, provided an application for a refund is made within two years after the beginning of the relevant insurance policy's cover period. I believe that is sufficient for the time being on the Revenue Laws Amendment (Assessment) Bill.

I said earlier that the Revenue Laws Amendment (Taxation) Bill amends the Pay-roll Tax Act 1971 and the Stamp Act 1921. Part 1 deals with preliminaries, the short title and the commencement provisions. It is intended that part 2, which covers an amendment to the Pay-roll Tax Act, will come into operation on 1 July 2001. Part 3, covering the Stamp Act amendments, will come into operation on 30 June 2001. Part 2 deals with the calculation of the rate of payroll tax to include wages paid throughout Australia for all members of a group. It is said that once this amendment is in place it will be worth an additional \$1.5 million in revenue for the State from approximately 360 separate employers. Part 2 also proposes to ensure that the payroll tax thresholds are apportioned over a financial year in which an employer changes status due to ceasing to pay wages or becoming a member of a group. Again, the net benefit to the State in additional revenue is estimated at about \$350 000 for the next financial year. The amendments in part 3 of the Revenue Laws Amendment (Taxation) Bill will have the effect of reducing the stamp duty rate on workers compensation insurance for small business and the reduction is intended to be between three per cent and five per cent. The total benefit to small business is estimated at about \$5.4 million next financial year, being the first financial year of the operation of this proposed amendment, and will amount to about \$23.7 million over four years. Other clauses tidy up provisions relating to employers who are members of a large employer group whose combined wages across Australia exceed \$675 000 per annum, but the wages paid in Western Australia are less than \$675 000 per annum. According to the Insurance Council of Australia Ltd, we have about 120 000 active policies in Western Australia and 110 000 policyholders will benefit from this reduction. Obviously, small businesses will appreciate this measure, given the tremendous costs they face in maintaining businesses in the current climate.

I note in passing that only last week this House passed a Bill that will impose a levy on insurance policy premiums as a result of the HIH Insurance collapse. We must be big enough in this place to recognise that the proposed reduction of between three per cent and five per cent as proposed in this amendment Bill will well and truly outstrip the increase that is to be applied as a result of the recent collapse of HIH Insurance. That levy is designed to ensure that claims HIH Insurance clearly will not be able to meet can be honoured in Western Australia.

Some members would find it interesting to spend hours talking about the Stamp Act 1921, and the Minister assisting the Treasurer is one such member.

Hon N.D. Griffiths: No-one would want to listen to me.

Hon GEORGE CASH: Even though the minister is an expert, no-one would understand him. The Stamp Act is one of the most complicated Acts on our statute book, and even officers of the State Revenue Department would be prepared to attest to that. It is like the taxation legislation - it has been added to repeatedly.

One of the amendments on the Supplementary Notice Paper relates to changing the word “assets” to “property”. During the committee stage, the minister may be able to advise me on what are the definitions of “property” and “assets”. It is an interesting concept in property law, and I will be obliged if the minister is able to discuss that with the House. There is a proposal to delete the word “assets” and to substitute the word “property” in two areas. The reason for that is that for many years the word “property” was used when relating to the property of entities. However, occasionally in some financial circles - mainly accounting circles - the word “assets” was used, and “assets” is more a financial term than one related to property law. For some reason the word “assets” was dropped in instead of “property”, and that is now to be rectified. However, I am still interested in the minister’s definition of what comprises property, and whether we take a global view or whether -

Hon B.M. Scott interjected.

Hon N.D. Griffiths: I did not hear that interjection.

Hon GEORGE CASH: I assure the minister that the interjection would have made the definition much more difficult, but we do not have to worry about that.

With those few words, I indicate the Opposition’s support for these two Bills, but point out that most of the substance was in fact initiated during the former coalition’s time in government.

**HON M.J. CRIDDLE** (Agricultural) [9.11 pm]: I thank the minister for the briefing that I had from his people today; it was very much appreciated. The Bill amends the Pay-roll Tax Act 1971 to correct anomalies in the calculation of the tax rate. It applies only to those people who are liable at present. The Australia-wide wages of all group members will be taken into account in calculating the tax rate. I understand that that will affect something like 360 firms, at a cost of about \$1.5 million; therefore, the impact on those people will be significant. When an employer does not operate for a full financial year, or changes status from a non-group to a group employer or vice versa during a financial year, the wage thresholds used to calculate the rate will be apportioned. Obviously, like employers will be treated on an equal basis.

The Bill amends the Stamp Act 1921 to deliver on the promise to reduce the stamp duty rate on workers compensation insurance for small business from five per cent to three per cent. I understand the liability will apply to employers who had a liability for payroll tax or who employed 15 full-time equivalent employees. The amount forgone will be \$5.4 million, or \$23.7 million over four years. That will affect more than 100 000 businesses. I want to know exactly where that money will come from, because that will have a severe impact on the budget. The Government will have to consider that matter.

The Bill amends the Rates and Charges (Rebates and Deferrals) Act 1992 to extend the 50 per cent water and local government rates concessions to seniors who hold both a state Seniors Card and a commonwealth Seniors Health Card. I think up to about \$31.8 million over four years is involved. I understand provision was made in the half-yearly statements from Treasury, so that has already been taken into account. Of course, that includes the 25 per cent rates rebate for those seniors who hold only a state Seniors Card, and it allows pro rata rebates and deferrals when a person becomes an eligible pensioner or senior during the year. It also provides a rebate or deferral when the rates of an otherwise eligible pensioner are in arrears. I understand that will provide a rate rebate, or a refund from government, and will also provide an interest rebate.

The Bill will insert in the Pay-roll Tax Assessment Act a discretion similar to section 11A(3) for the purposes of calculating the rate of tax, so that if an employer’s wages fluctuate because of the nature of the employer’s business, the commissioner can treat that employer as an employer for the whole season. That relates to the issue of seasonal workers that was raised by Hon George Cash. The Bill will also free up information by allowing the commissioner to communicate to a workers compensation insurer about whether the employer was liable for payroll tax in the 12 months immediately preceding the period of policy cover.

I am interested in the land-rich provisions, because for some country people the value of land is an issue, and I thought these provisions might have an impact. However, I understand from the briefing that these provisions will cover only companies; therefore, they will not have the impact that I thought they might have on the people who are facing difficulties.

I agree with Hon George Cash about the issue of seniors in retirement villages. The previous Government put enormous effort into recognising that seniors are valuable members of our community and introduced transport concessions such as free travel on Sundays and public holidays, and low-floor buses. Those measures by the previous Government, in which I was fortunate to be involved as Minister for Transport, were appreciated by seniors.

The National Party supports this legislation. This is a matter on which we were working when we were in government, and we are pleased that it has come to the Parliament.

Debate adjourned, on motion by Hon N.D. Griffiths (Minister for Racing and Gaming).